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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC PRIORITY 3618

INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 5786

RUEHBJ/AMEMBASSY BEIJING 3497

RUEHKO/AMEMBASSY TOKYO 3361

RUEHIT/AMCONSUL ISTANBUL 4028

RUEKJCS/Joint STAFF WASHDC

RUEAIIA/CIA WASHDC

RUCPDOC/DEPT OF COMMERCE WASHDC

RHEFDIA/DIA WASHDC

RHEBAAA/DEPT OF ENERGY WASHDC

RHEHNSC/NSC WASHDC

RUEATRS/DEPT OF TREASURY WASHDC

RUEKJCS/SECDEF WASHINGTON DC

RUCNDT/USMISSION USUN NEW YORK 1198

RUEHVEN/USMISSION USOSCE 4002

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001312

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 10/16/2019

TAGS: [EPET](#) [ECON](#) [PGOV](#) [EINV](#) [BTIO](#) [TX](#)

SUBJECT: TURKMENISTAN: EXXONMOBIL STILL MOVING FORWARD

REF: ASHGABAT 1141

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY. On October 14 ExxonMobil representatives met with the Charge to discuss recent meetings between company executives and Turkmen President Berdimuhamedov in New York on the margins of the UN General Assembly. ExxonMobil representatives described the meetings as "a little positive, but far from spectacular." They were encouraged by the interaction ExxonMobil's CEO had with Berdimuhamedov and are planning to have their CEO visit Ashgabat this spring for more face-to-face talks with the President. They noted they understood any business relationship in the country begins or ends with the Turkmen President. In addition, company reps told us they were beginning the process of registering an office in Ashgabat, adding that they were waiting to see how the meeting with the President went in New York before committing to an office. END SUMMARY.

¶2. (C) ExxonMobil reps stated that Berdimuhamedov began his meeting with their CEO by reviewing the GOTX's current policy that foreign energy companies pursue either offshore exploration blocks or onshore service contracts. The reps added that Berdimuhamedov would not budge from this position.

Although ExxonMobil has not discounted working on the offshore, the company reps told us that entering onshore service contracts was not something the company would pursue at this time. In addition, the company reps indicated that their strategy for now is to continue to press the GOTX for a waiver in order to explore the more lucrative onshore.

¶3. (C) When recounting the company's meeting with Berdimuhamedov in New York, the reps told the Charge that they were told the President would meet with them for 30 minutes, but the meeting actually lasted an hour and 15 minutes. They noted that Berdimuhamedov was accompanied by Deputy Chairman for Oil and Gas Hojamuhammedov, Foreign Minister Meredov, and Head of the State Agency for the Management and Use of Hydrocarbon Resources Kakayev.

According to the reps, Berdimuhamedov took charge of the meeting and the three other officials were attentive and nodding accordingly when the President looked their way. The reps mentioned it was the most subdued they had ever been in official meetings.

¶4. (C) According to the reps, Italian energy company ENI's meeting with the President lasted only about 10 minutes, but given rumors that ENI is on the President's bad list, they added, even 10 minutes was not too bad. (NOTE: ENI bought Burren Energy which had a PSA with the GOTX without first consulting with the Turkmen government, thus putting ENI on the GOTX black list. END NOTE.) The ExxonMobil reps also mentioned that U.S. companies Boeing and Case New Holland seemed to be getting the lion's share of the President's time at the luncheon for U.S. companies. The reps added that they planned to "step up their game" the next time the company had access to the President, as other U.S. companies were already more aggressive than ExxonMobil when it came to courting the Turkmen President.

¶5. (C) ExxonMobil reps stated that they had decided to open an office after the New York meetings and were beginning the process to find a suitable office and get it registered. Acknowledging that the process to register an office can take months to a year, the ExxonMobil reps were nonetheless confident that having an office and an expatriot on the ground were necessary steps for doing business with the Turkmen. The company plans to have an expatriot direct the office while hiring a local #2 person to mitigate local and regional issues. According to the reps, the new office will

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provide ExxonMobil with the necessary home field advantage they lost since they pulled out of Turkmenistan in 2002 (reftel).

¶6. (C) The company reps opined that the GOTX had forgiven the company for leaving seven years ago, but local contacts predict that ExxonMobil will need to really prove itself before it can regain the President's confidence. According to the reps, the company plans to send its CEO to Ashgabat this spring to meet the President and hopefully sign a deal. They were confident that their business proposals and the prestige the ExxonMobil name would bring to Turkmenistan would be attractive to the President.

¶7. (C) COMMENT. ExxonMobil reps were not terribly enthusiastic about the results of their CEO's meeting with the Turkmen President. At the same time, they seemed committed to establishing an official presence in Ashgabat for the second time. Until recently Chevron was the only major U.S. energy company on the ground in Ashgabat, but ExxonMobil and ConocoPhillips are in the process of opening offices as well. Time will tell what the GOTX reaction to increased U.S. interest in Turkmenistan's energy sector will be, but it is unlikely that President Berdimuhamedov would shun the increased attention from U.S. companies that he has received since his trip to New York. END COMMENT.

CURRAN